

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7072

BILL NUMBER: HB 1363

NOTE PREPARED: Jan 6, 2007

BILL AMENDED:

SUBJECT: Municipal Bond Banks.

FIRST AUTHOR: Rep. Van Haaften

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill adds infrastructure development, education and tourism promotion, and economic development assistance to the public purposes for which municipal bond banks in a consolidated city or second class city are established. (Under current law, those public purposes apply only to the municipal bond bank for Rising Sun.)

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* The bill allows the municipal bond banks in Indianapolis and second class cities to purchase securities of the city, county, or other qualified entities for the purposes of developing infrastructure, promoting education and tourism, and assisting economic development. Under current statute these purposes are limited only to the municipal bond bank for Rising Sun. While the bill expands the types of securities purchases that some municipal bond banks can make, the decision to issue additional debt for these purposes would remain that of the local units served by these municipal bond banks.

Background Information: A municipal bond bank is governed by a five-member board of directors appointed by the mayor of the pertinent city. A municipal bond bank may purchase securities from the city, the county where the city is located, special taxing districts in that county, and authorities that lease land and facilities to these entities. In addition, municipal bond banks in Lake County and Allen County may purchase securities from political subdivisions in those counties. The municipal bond bank in Rising Sun may purchase

securities form political subdivisions in Ohio County. And, the municipal bond bank in Indianapolis may purchase securities of the airport authority, public library, the capital improvement board, IndyGo, or a charter school. The table below lists the second class cities in Indiana.

2nd Class Cities (1/1/06)	
Anderson	Lawrence
Bloomington	Marion*
East Chicago*	Michigan City*
Elkhart	Mishawaka
Evansville	Muncie
Ft. Wayne	New Albany
Gary	Richmond
Hammond	South Bend
Kokomo	Terre Haute
Lafayette	
Eligible Cities^ (1/1/06)	
Carmel	
Columbus	
Greenwood	
<p>*2nd class cities where population has dropped below the required minimum population, but that have opted to maintain 2nd class status.</p> <p>^Cities where population exceeds the required minimum population, but that have opted not to adopt 2nd class status.</p> <p>Source: Matt Brase, Indiana Association of Cities and Towns.</p>	

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: Matt Brase, Indiana Association of Cities and Towns, (317) 237-6200.

Fiscal Analyst: Jim Landers, 317-232-9869.